

Item 4

School Funding consultation
Changes to the Local Funding
Formula (LFF) for 2020-21

Schools' Funding Forum
29 November 2019

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Background and context

- Government introduced a *soft* National Funding Formula in April 2018
- 2020-21 will be third year of operating a Local Funding Formula (LFF) in a soft NFF environment
- Government intends to introduce a *Hard* NFF in the future – no idea when - requires a change to Primary Legislation
- Three year funding commitment made by the current government lasting to 2022-23, Kent to receive an additional £52m in 2020-21 – no details for years 2 and 3 yet

Consultation

- We ran a consultation from 14 October to 18 November – just over 5 weeks
- Some schools submitted more than one response (in line with previous years)
- Received 169 responses in total, 150 excluding duplicates from same school = 26% of all schools
- Shared summary of responses in advance of today
 - Version 1) = all responses
 - Version 2) = one response per school – does not fundamentally change the picture

Consultation responses

	All Responses	One response per school	
	No.	No.	% of schools
Primary	101	93	20%
Secondary	60	49	49%
Special	8	8	36%
Total	169	150	26%
2017 (for comparison)	177	155	27%

Version 1

Version 2

Aim for today

To provide the Local Authority with a series of recommended changes to the Local Funding Formula from 1 April 2020, that are affordable, and take into consideration the views of all schools

Q2. General principle

- 2017 consultation responses favoured following the general principle of taking steps towards the NFF but recognise areas of local concern
- We cannot recognise all areas of concern – the formula is too rigid
- A Soft NFF period enables us to address some areas of local concern – many authorities have done this over the last two years including Kent
- Addressing areas of local concern means we cannot fully implement the NFF

Q2. General principle – High Level

	All responses	One response per school
Fully implement NFF	30%	27%
Take steps to further implement the NFF, but continue to recognise areas of local concern	70%	72%
Don't know	0%	1%
	100%	100%

Conclusion – overall there continues to be support for Kent to take further steps to implement the NFF and at the same time address areas of local concern (where we can), rather than fully implementing the NFF. However, when you look at the responses in more detail, secondary schools less supportive of this.

Strategy for this morning . . .

Consider individual areas of local concern in the following order;

1. Falling Roll Fund
2. 1% Transfer into the High Needs Block
3. Lump Sum

Then focus on Pupil Mobility and MFG

Finally focus on increases to funding rates

4a) Falling Roll Fund

Should we introduce a falling roll fund from 1 April 2020?

	All responses	One response per school
Yes	32%	35%
No	50%	49%
Don't know	18%	16%
	100%	100%

- Consultation focused on the principle rather than the detail, which a sub group of the Forum have been working on
- Separate paper on this issue – over to Karen

4b) 1% Transfer to High Needs Block

Do you support the 1% transfer from the Schools Block to the High Needs Block for 2020-21, to be used to incentivise mainstream schools to take a greater proportion of children and young people with EHCPs?

	All responses	One response per school
Yes	55%	56%
No	40%	39%
Don't know	5%	5%
	100%	100%

A complete pack of evidence supporting the transfer was included within the consultation document – Appendix 3

Estimated cost of this area of local concern = £9.6m

Conclusion – overall the majority of responses support a continuation of the 1% transfer for a further year. However, the responses show secondary schools less supportive of this. This is not a selective v non-selective issue as we have had a fairly even response from both.

1% Transfer to High Needs Block (Keith)

- Previous transfers have been used to part fund the deficit – this transfer is different, it will be returned to primary and secondary schools to support greater inclusion in mainstream schools
- Aligns with national direction and also our response to Ofsted Written Statement of Action
- We are analysing suggestions from schools about how we could incentivise greater inclusion –largely drawn from the work undertaken with ISOS which will be discussed with Heads at the final ISOS workshop on 11 December
- We will then work with KAH and KSENT on ideas that have emerged from that and we intend to bring back proposals to the March meeting – ideally looking to develop options with more local oversight and decision-making and ones which support capacity building

4c) Lump Sum

Primary – retain at £120,000 per school (excluding Area Cost Adjustment)

	All responses	One response per school
Yes	76%	78%
No	17%	16%
Don't know	7%	6%
	100%	100%

Estimated cost of this area of local concern = £2.5m

Secondary – two options

	All responses	One response per school
Maintain at £120k	21%	20%
Lower to the NFF rate £114k	57%	57%
Don't know	22%	23%
	100%	100%

If maintained at £120k, estimated cost of this would be = £0.6m

Conclusion – overall there continues to be support for Kent to retain the primary lump sum at £120k, and support to lower the secondary lump sum to the NFF rate. This view was supported within each phase.

Pupil Mobility

Do you support the introduction of the mobility factor into the LFF (based on us adopting the same methodology as the DfE have set for the NFF – this should be cost neutral)?

	All responses	One response per school
Yes	56%	56%
No	26%	27%
Don't know	18%	17%
	100%	100%

Estimated to be cost neutral

Minimum Funding Guarantee (MFG)

What percentage should we set the MFG for 2020-21?

	All responses	One response per school
0.5%	63%	65%
1.84%	31%	28%
Something else	7%	7%
	100%	100%

	%	Count
	0.75%	1
	1.0%	7
	1.1%	1
	1.2%	1

LA view – MFG is designed to offer stability from one year to the next, but perpetuates historic unfairness and rewards schools who traditionally benefited from historic grants e.g. standards funding, without the associated spending requirements.

Other view – schools on MFG have the same cost pressures next year as non MFG schools.

4d) Increases to funding rates

The Government are increasing the NFF rates by 4% in 2020-21, except Free School Meals (FSM) which has increased by 1.84%

In 2019-20, we mirrored most of the 2019-20 NFF rates except :

- Factor 2 - Ever 6 Free School Meals (Primary 60% & Secondary 60%)
- Factor 6 - Low Prior Attainment (Primary 71% & 77%)
- Minimum Funding Level (Primary 97% & Secondary 98%)
- Lump Sum (excl. Area Cost) – LFF £120k, NFF £110k (109%)

4d) Increases to funding rates

The consultation included the following three scenarios;

- 1) Fully implement the NFF
- 2) Recognise some areas of local concern (*) and fully implement the Minimum Funding Levels, with cost of areas of local concern met from reduced AEN factors
- 3) Spread the cost of some areas of local concern (*) across all schools

* = £120k Primary lump sum and 1% transfer

4d) LFF rates compared to 2020-21 NFF rates

	Scenario 1	Scenario 2	Scenario 3
Age Weighted Pupil Unit, Deprivation (IDACI & FSM), English Additional Language	100%	100%	100%
Low Prior Attainment - Primary	100%	87.3%	100%
Low Prior Attainment - Secondary	100%	93.3%	100%
Ever6 Free School Meals – Primary	100%	70%	59%
Ever6 Free School Meals – Secondary	100%	70%	74%
Minimum Funding Levels - Primary	100%	100%	98.7%
Minimum Funding Levels - Secondary	100%	100%	99%

Local Areas of Concern

1% Transfer	No	Yes	Yes
Primary Lump Sum (before ACA)	£114,400	£120,000	£120,000
Secondary Lump Sum (before ACA)	£114,400	£114,400	£114,400
Falling Roll Fund	No	No	No

School illustration and high level impact tables provided as part of the consultation

Impact table – Scenario 1

Scenario 1 – impact of fully implementing the NFF without addressing any areas of local concern

Table 1	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105		1	9	23	11	7	1					52
Primary 106 to 140	1	1		10	10	4	5					31
Primary 141 to 175		1		3	13	12	8	2	1			40
Primary 176 to 210	2			1	13	41	25	13	2			97
Primary 211 to 315	2				2	15	31	18	4	4	1	77
Primary 316 to 420	3	1		1			15	24	13	9	16	82
Primary 421 and above	1	1			1		1	22	14	6	31	77
Selective							32					32
Non-selective				1		7	23	23	8	2		64
All-through								2	2			4
Grand Total	9	5	9	39	50	86	141	104	44	21	48	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21

Range +0.5% to +10.1%, with majority of schools around +6% to +8%

Impact table – Scenario 2

Scenario 2 impact of fully implementing the MfLs whilst also recognising the areas of local concern (1% transfer to High Needs Block and maintaining a higher lump sum for primary schools). At this stage we have not include a top slice for a Falling Roll fund.

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105	1			30	21							52
Primary 106 to 140	1	1		6	21	2						31
Primary 141 to 175		1		3	28	8						40
Primary 176 to 210	2		2	1	49	37	4	2				97
Primary 211 to 315	2			1	18	37	9	6	1	2	1	77
Primary 316 to 420	4	1			1	37	10	5	4	4	16	82
Primary 421 and above	2			1		19	8	7	6	5	29	77
Selective							32					32
Non-selective		1		3	9	39	12					64
All-through						3	1					4
Grand Total	12	4	2	45	147	182	76	20	11	11	46	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21

Range +0.5% to +10.1%, with majority of schools around +4% to +6%

Impact table – Scenario 3

Scenario 3 impact of spreading the cost of the areas of local concern across all schools. This would mean that we would not fully implement the MFLs.

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105	1			9	33	9						52
Primary 106 to 140	1		1	4	10	13	2					31
Primary 141 to 175		1		1	9	27	2					40
Primary 176 to 210	2			3	9	64	19					97
Primary 211 to 315	2				4	43	23	3	2			77
Primary 316 to 420	4		1		1	19	35	4	18			82
Primary 421 and above	2				1	5	28	8	33			77
Selective						32						32
Non-selective			1		6	24	32	1				64
All-through							3	1				4
Grand Total	12	1	3	17	73	236	144	17	53	0	0	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21

Range +0.5% to +9%, with majority of schools around +5% to +7%

Increases to funding rates

	Scenario 1	Scenario 2	Scenario 3	Don't know
All responses	18%	44%	29%	9%
One response per school	15%	43%	32%	10%

Conclusion: Scenario 2 most supported, however not much difference for primary schools between 2 and 3